

- BC's unemployment rate plunges to 7.8%, reflecting strong employment gains
- GDP growth in 2002 revised up to 2.4%
- Fewer people charged with impaired driving in BC last year

Labour Force

- British Columbia's unemployment rate plunged in November, dropping to 7.8% (seasonally adjusted) after peaking at 9.1% in the previous month. The improvement in the jobless rate was largely due to a surge in employment (+1.5%, more than in any other province). The labour force was unchanged (+0.1%) from the previous month. Last month's drop brought the unemployment rate back down to levels not seen since early this year.

Job growth was spread across both the goods and service sectors, with goods industries (+2.8%) posting the strongest increases. Employment was up significantly across the board, as most industries bounced back after seeing large declines in September. The biggest advance was in the utilities industry (+8.9%), but forestry, fishing & mining (+4.3%), construction (+3.6%), manufacturing (+1.9%) and agriculture (+1.9%) all made solid gains. On the service side, growth was more muted (+1.2%). Employment rose in most industries, but there were fewer jobs in wholesale & retail trade (-1.1%), the biggest employer in the sector. Public administration (+7.2%), management & administration (+5.5%), and transportation & warehousing (+5.4%) posted the biggest gains.

Self-employment (+2.5%) rose, and there were more public (+2.4%) and private (+0.9%) sector jobs in October. Both full-time (+1.8%) and part-time (+0.5%) employment increased. There were fewer men (-0.5%), but more women (+0.8%), in the labour force. *Data Source: Statistics Canada*

- Canada's unemployment rate fell 0.4 percentage points in October, dropping to 7.6% (seasonally adjusted). Unemployment rates were flat or down in most regions of the country. Three provinces: Newfoundland (16.5%), New Brunswick (10.8%) and PEI (10.5%) recorded

double-digit jobless rates in October.

Data Source: Statistics Canada

- For the first time in a year, only one of BC's regions (North Coast/Nechako, +10.6%, 3-month moving average) had a double-digit unemployment rate in October. The jobless rate fell to 9.4% in Kootenay and 9.8% in Cariboo last month. Northeast (6.8%) continued to have the lowest incidence of unemployment in the province, followed by Thompson/Okanagan (7.9%) and Mainland/Southwest (8.0%). The unemployment rate in Vancouver Island/Coast was 8.6%.

Data Source: Statistics Canada

The Economy

- British Columbia's economy expanded 2.4% in 2002 (revised from a previously published estimate of +1.8%). On a per capita basis, real (\$1997) GDP in the province rose 1.5%, to \$31,143. This was below the national average (\$34,262), and lower than in both Alberta (\$40,385) and Ontario (\$37,290). Real per capita after-tax income was \$19,576 in 2002, virtually unchanged from 2001. *Data Source: Statistics Canada*

- British Columbia manufacturers surveyed in October continued to be guardedly optimistic of the future. About a third (32%, seasonally adjusted) of them expect production prospects to improve in the fourth quarter, while 20% say they think they will be lower, for a balance of opinion of +12 percentage points. Slightly more manufacturers expect that orders will increase (24%) rather than decrease (20%) this quarter. They're more worried about inventory levels, with 22% expecting levels to be too high, compared to 6% who think they will be too low. Overall, more manufacturers expect that employment prospects in their industry will improve (16%) rather than worsen (8%), although most expect to see little change during the next

Did you know...

The average British Columbian checked out 12 items from a public library last year. Residents of West Vancouver were the most avid library users, signing out 22 items per capita.

three months. Canadian manufacturers had a relatively upbeat view on production prospects (the balance of opinion was +18), but were also worried about inventory levels, and don't see much improvement in the number of new orders in the coming months. *Data Source: Statistics Canada*

- **The value of building permits issued by BC municipalities bounced back (+31.8%, seasonally adjusted) in September after declining in the previous month.** Permits for both residential (+23.5%) and non-residential (+49.8%) projects were up substantially, more than reversing August's declines. Victoria (+57.8%) and Vancouver (+25.7%) posted strong gains, but permits were down (-40.1%) in Abbotsford.

So far this year, planned building activity in BC and the rest of the country has been extremely robust. Year-to-date, permits in BC were 17.5% higher than in the first nine months of 2002, largely due to a building boom (+20.4%) in the residential sector. Victoria (+24.8%) posted exceptionally strong growth. Canadian permits increased 9.3% year-to-date. *Data Source: Statistics Canada*

- **The value of building permits issued in Thompson/Okanagan was up 59.4% (year-to-date), more than in any other region.** The strong increase in Thompson/Okanagan (permits were up sharply in September, compared to last year) may be partly due to the need to rebuild housing destroyed by fires that ravaged the Interior in August. Smaller increases were seen in Kootenay (+44.7%), Cariboo (+38.8%) and Northeast (+34.7%). Permits were up substantially in Vancouver Island/Coast (+23.2%), but rose only 6.8% in Mainland/Southwest. North Coast (-17.3%) and Nechako (-38.3%), where planned spending on non-residential projects has been weak so far this year, were the only regions to see a decline in the value of permits issued year-to-date. *Data Source: Statistics Canada*

Foreign Control

- **Foreign control in the Canadian economy declined for the second straight year in 2000, returning to levels last recorded a decade earlier.** Foreign-controlled firms held a fifth of all corporate assets in Canada in 2000, virtually the same proportion as in 1991. However, they

generated 30% of total operating revenues, up from 26% in 1991. Not surprisingly, the US is the dominant foreign player in Canada, controlling 58% of the assets of foreign firms, and generating 65% of their revenues. The UK (12%) was a distant second, followed by Germany and France. *Data Source: SC, The Daily*

Impaired Driving

- **Last year, 7,125 people were charged with impaired driving in BC.** This was down 2.1% from the previous year, but higher than in 2000. Impaired driving charges have declined substantially since 1992, when 12,922 drivers were charged. BC's impaired driving rate (211 per 100,000 people aged 16 and over) was among the lowest in the country and well below the national average (265). Ontario (202) and Newfoundland (183) were the only provinces with lower rates. Saskatchewan (618) had the highest charge rate. Along with the other provinces, BC's charge rate has dropped significantly (-55.3%) since 1992. However, it should be noted that not all drunk drivers are charged. Some are given roadside suspensions, so the drop in impaired driving charges may overstate the success of anti-drinking and driving campaigns.

Those who are charged, however, face stiffer penalties than they used to. Nationally, the average sentence for impaired driving was 72 days in prison in 2001/02, up from 55 in 1994/95. Fines have increased from an average \$542 to \$787. *Data Source: SC, Catalogue 85-002, Vol 23 No 9*

- **British Columbians are less likely to be caught and charged with driving dangerously than they are to be charged with driving drunk.** There were 1,260 dangerous driving charges filed in BC last year, or 37 for every 100,000 people aged 16 and over. BC's dangerous driving rate was above the national average (34), but substantially lower than in both Saskatchewan (88) and Alberta (77).

Data Source: SC, Catalogue 85-002, Vol 23 No 9

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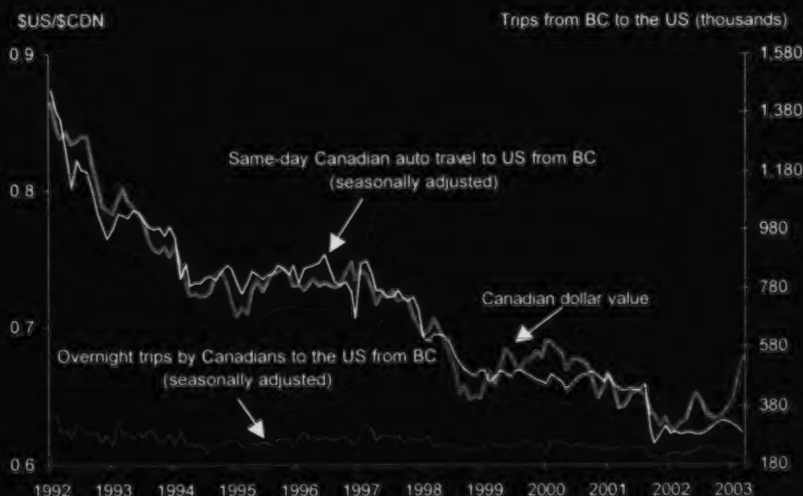
The Effect of Exchange Rate Movements on Cross-Border Travel

Changes in the value of the Canadian dollar relative to the US greenback are believed to have an effect on cross-border travel. When the Canadian dollar appreciates, it becomes less expensive to travel south of the border, which may encourage Canadians to spend more time in the US. At the same time, the relative price advantage for Americans coming to Canada is eroded. Conversely, a lower Canadian dollar makes travel to Canada more attractive to Americans, but may cause Canadians to stay closer to home.

Has the recent appreciation of the Canadian dollar had an effect on travel between Canada and the US? A regression analysis of the data suggests that cross-border travel between BC and the United States is affected by changes in the US/Canada exchange rate. The effect is strongest for short (same-day) trips across the border. Overnight travel (trips lasting for one or more days) to and from the US is less responsive to exchange rate fluctuations.

The regression analysis reveals that sensitivity to the exchange rate differs on both sides of the border. Canadians are more likely to respond to changes in the value of the dollar when arranging their US trips, while Americans are less influenced by this factor.

Fewer Canadians travelling to the US



Canadians travelling to the US from BC

Same-day trips from British Columbia to the US have dropped off considerably over the last ten years. The Canadian dollar depreciated during the same period, from a high of 0.824 \$US in January 1992 to a low of 0.624 \$US in January 2002. It has been trending up since then.

The analysis suggests that the number of same-day trips from BC to the US is strongly correlated with the value of the Canadian dollar. As the Canadian dollar appreciates (or depreciates), the number of same day trips increases (declines). This finding is not surprising, since shopping is a common reason for same-day trips from BC to the US.

Same-day travel to the US is strongly correlated with the value of the US dollar

Overnight travel from BC to the US is also affected by the exchange rate, but the correlation is not as strong. Exchange rate changes may have a bigger effect on the length of trips south of the border, but since the data do not indicate how long returning Canadians were in the US, it is not possible to test this hypothesis.

Same-day and overnight trips by Americans to BC

The behaviour of American travellers vis-à-vis exchange rate movements is similar to that of Canadians. The value of the US dollar relative the Canadian dollar increased over the period from 1992 to 2003. During this period, the number of Americans travelling to BC for a single day trip rose steadily until the events of September 11, 2001. The attacks had a much bigger effect on travel from the US to Canada than on travel by Canadians to the US. Following the terrorist attacks, same-day entries from the US to Canada decreased by about a third, and remain well-below pre-9/11 levels. Overnight travel did not decline as much, and bounced back much more quickly after the attacks.

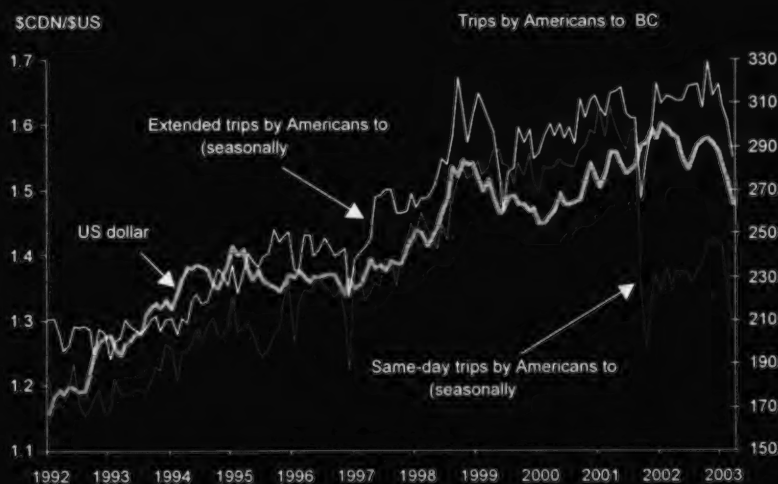
Long-run trends in overnight travel from the US to BC are quite similar to those for same-day trips. Consequently, it is not surprising to find that variations in the value of the US dollar also have an impact on the number of extended trips by Americans to BC.

Many factors other than exchange rates affect travel decisions. Fundamental determinants such as income, cost of living, climate and the cost of travel to domestic and other international destinations may play an important role in determining the volume of cross-border travel between the US and BC. Also, unexpected events can cause substantial changes in the tourism economy. The events of September 11th had an immediate effect as long border line-ups and the grounding of air travel in North America brought travel to a virtual standstill.

Entries from the US (both same-day and overnight) have yet to recover to pre-9/11 levels. This may be partly due to increased border security, long waiting times, and other factors which make travel more cumbersome than it was before the terrorist attacks.

More recent events have also had an adverse effect on cross-border travel to British Columbia. The war in Iraq and travel advisories following the outbreak of severe acute respiratory syndrome (SARS) in Toronto and elsewhere in Canada may have caused some Americans to re-evaluate their travel plans, choosing destinations other than BC for their vacations or conventions. These factors are difficult to quantify, but are particularly relevant and may be worth further study.

The number of Americans coming to BC has begun to slow as the value of the Canadian dollar rises





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BC at a glance . . .

POPULATION (thousands)		Jul 1/03	% change on one year ago
BC		4,146.6	0.8
Canada		31,629.7	0.9
GDP and INCOME		2002	% change on one year ago
(BC - at market prices)			
Gross Domestic Product (GDP) (\$ millions)		135,552	2.7
GDP (\$ 1997 millions)		128,151	2.4
GDP (\$ 1997 per Capita)		31,143	1.5
Personal Disposable Income (\$ 1997 per Capita)		19,576	0.1
TRADE (\$ millions, seasonally adjusted)			% change on prev. month
Manufacturing Shipments - Aug		2,793	1.6
Merchandise Exports - Aug		2,515	-3.3
Retail Sales - Aug		3,480	1.6
CONSUMER PRICE INDEX		Sep '03	12-month avg % change
(all items - 1992=100)			
BC		121.2	2.6
Canada		122.7	3.3
LABOUR FORCE (thousands)		Oct '03	% change on prev. month
(seasonally adjusted)			
Labour Force - BC		2,222	0.1
Employed - BC		2,048	1.5
Unemployed - BC		173	-13.7
			Sep '03
Unemployment Rate - BC (percent)		7.8	9.1
Unemployment Rate - Canada (percent)		7.6	8.0
INTEREST RATES (percent)		Nov 5/03	Nov 6/02
Prime Business Rate		4.50	4.50
Conventional Mortgages - 1 year		4.55	5.10
- 5 year		6.40	6.80
US/CANADA EXCHANGE RATE		Nov 5/03	Nov 6/02
(avg. noon spot rate) Cdn \$		1.3313	1.5582
US \$ (reciprocal of the closing rate)		0.7505	0.6436
AVERAGE WEEKLY WAGE RATE		Oct '03	% change on one year ago
(industrial aggregate - dollars)			
BC		683.06	1.7
Canada		668.63	2.7

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada
Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics
For latest Weekly Financial Statistics see www.bankofcanada.ca

2001 Census Profiles

We have started the roll-out of our area profiles based on the 2001 Census. Check them out at

www.bcstats.gov.bc.ca/data/cen01/c01index.htm

Each 18-page profile, in PDF format, reveals just about all you can know about an area. Three pages of charts compare the area's makeup to that of the province (or country in the case of our provincial profiles). These are followed by data tables showing both local values and percentage distributions. A number of charts and tables feature data sorted according to the unique local experience.

Canada, the provinces, & regional district profiles are posted to our site now. We will post an additional 1400 areas as soon as we develop the look-up code and obtain the required storage capacity - coming soon are profiles for

- ✓ **Census Subdivisions** (municipalities, regional district electoral areas, Indian reserves)
- ✓ **Urban Areas & neighbourhoods** in larger metro areas (CA/CMA and census tracts)
- ✓ **Designated Places** (unincorporated areas identified prior to the census)

These additional files will be available in our WebStore for \$5 each and will be included in our subscription site (\$200/year).

Did you know . . .

Many public & academic libraries in BC offer free access to our subscription site.

Released this week by BC STATS

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Next week

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